

# NASS

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The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

♦**Wheat.** The September forecast for 1998 all wheat production is 2.56 billion bushels, up 1% from the last forecast, and 2% more than in 1997. Market year prices are expected to average between \$2.50 and \$2.80 compared with \$3.38 for the 1997 crop. Projected U.S. 1998/99 exports are up 35 million bushels from last year, but down 50 million from last month's forecast because of increased competition and smaller global imports.

♦**Corn.** The September forecast for 1998 corn production is 9.74 billion bushels, up 2% from last month and 4% above 1997. A market year average price between \$1.80 and \$2.20 a bushel is expected compared with \$2.45 for the 1997 crop. Global production is expected to be 3% above last year. Global 1998/99 ending stocks are expected to be 7% above the previous year. The U.S. corn crop was rated 65% good to excellent as of September 13 compared with 61% a year earlier. Fifty one percent of the crop is considered mature compared with 25% last year. Harvest is progressing in the southern tier of States.

♦**Soybeans.** The 1998 soybean crop is forecasted at a record 2.91 billion bushels, up 3% from August 1 and 7% above the previous record set in 1997. The market year average price is projected between \$4.65 and \$5.35 per bushel compared with \$6.45 for the 1997 crop. Global 1998/99 oilseed production is projected at a record 290.8 million metric tons, up 3.7 million tons from last year. The U.S. soybean crop was rated 60% good to excellent for the week ending September 13 compared with 58% a year ago. Harvest is just underway in the Southern States.

♦**Cotton.** U.S. 1998 all cotton production is forecasted at 13.6 million bales, down 5% from August, and down 28% from 1997. Hot, dry conditions during August in most of the Cotton Belt lowered yield potential. The U.S. cotton crop as of September 13 was rated 33% good to excellent compared with 58% last year.

♦**Rice.** U.S. rice production is forecasted at 181 million cwt, up 2% from August 1 and up 1% from 1997. The Arkansas harvest is on schedule, while Texas was 22% ahead of the 5-year average. California harvest has not begun. The market year average price is expected to average between \$9.00 and \$10.00 per cwt compared to \$9.64 per cwt for the 1997/98 crop.

♦**Other Crops.** The September **Durum Wheat** forecast, at 132 million bushels, is up 4% from last month and 53% above last year. The September **Other Spring Wheat** forecast, at 519 million bushels, was up 2% from a month ago, but down 7% from last year. **Grain Sorghum** was forecast at 529 million bushels, down 19% from 1997. **Barley** production is forecast at 372 million bushels, slightly below 1997. The **peanut crop** is expected to be up 3% from last year, **pecan** production down 45%, **all tobacco** down 2%, but **burley tobacco** up 4%.

♦**Cattle.** September 1 **cattle on feed** in U.S. feedlots with capacity of 1,000 or more head totaled 9.02 million head, down 1% from a year earlier. Placements were down 16% from the previous year. Marketings of fed cattle were 4% below 1997. At mid-September, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$60 per cwt., unchanged from mid-August. Fed cattle prices should improve slightly to the low \$60's per cwt toward the end of 1998. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were around \$66 per cwt at mid-September, down about \$3.00 from mid-August.

♦**Hogs.** Hog slaughter during the last few weeks has been running about 7 % above the previous year. Increased imports from a year ago account for about 1% of the increase. Hog **prices** at mid-September (Iowa-Southern Minnesota direct, 230-250 pounds) were around \$29 per cwt, down about \$7.00 from mid-August. Increases to the market supplies of hogs will put prices for the fourth quarter around \$29 per cwt.

♦**Other Livestock.** August **milk production** was down 0.4% from the previous year. Production per cow declined 0.3% and the number of cows was down slightly from August 1997. The September **Basic Formula Price (BFP)** was \$14.99 per cwt, up 70 cents from July. **Cheddar cheese prices** (U.S. 40-pound blocks, wholesale) decreased 0.3 then increased 0.3 cents for the first and second weeks of

September, respectively. The October BFP will likely be up slightly unless cheese prices decline during the remainder of September. During July, total **cheese** production was 0.2% below the previous year, **butter** production was down 16.3%, and **nonfat dry milk** production was down 19.4%. **Sheep slaughter** for July totaled 281 thousand head, down 8% from last year's number. The average live weight was 128 pounds, down 6 pounds from July a year ago. The number of **table egg layers** in U.S. flocks on hand September 1 was 3% above a year ago. August **table egg production**, at 5.64 billion eggs, was up 3% from 1997. U.S. **egg production** for the 4th quarter of 1998 is expected to be up 1% from a year ago. Wholesale market **egg prices** for the 4th quarter of 1998 are expected to average 80-84 cents per dozen, compared with 88.2 cents a year ago. First quarter of 1999 market egg prices (Grade A large, New York) are expected to average 72-78 cents per dozen, compared with 79.0 cents a year ago. For the week ending September 12, cumulative **broiler placements** for 1998 in the 15 selected states were 5.03 billion, up slightly from the same period a year earlier. The wholesale 12-city average price for whole broilers for the 4th quarter is expected to be 60-64 cents, compared to 54 cents for the 4th quarter of last year. First quarter of 1999 broiler prices are expected to average 56-60 cents per pound, compared with the 56.4 cents for a year earlier. Cumulative **turkey poult placements** for the 1998 marketing year are 6% less than the same period a year ago. Placements in August were 7% less than last August. Prices (8-16 lb hens, Eastern Region) for the 4th quarter of 1998 are expected to be in the 65-69 cent range compared with 66.5 cents for the 4th quarter last year. Turkey prices for the first quarter of 1999 are expected to average 54-58 cents per pound, compared with the 55.1 cents average for the first quarter of 1998. **Supplies in refrigerated warehouses** the end of August compared with a year earlier were: chicken down 3%, turkeys down 5%, pork up 6%, beef down 5%, cheese down 1%, and frozen orange juice up 28%.

♦**Trade.** September U.S. **trade projections** for corn, rice, and soybeans improved while 1998/99 export prospects for wheat, cotton, broilers, and turkeys declined, compared with last month. Beef and pork were unchanged from August. September projections for the volume of **exports** for the 1998/99 marketing year compared to 1997/98 are: **wheat** up 3%; **corn** up 7%; **rice** unchanged; **cotton** down 39%; **soybeans** down 2%; **soybean oil** down 6%; and **soybean meal** down 3%. September projections for the volume of meat exports in calendar 1999 compared to 1998 are: **beef** up 2%; **pork** up 4%; **broilers** up 3%; and **turkeys** up 9%. The U.S. **trade deficit** for goods and services increased to \$13.9 billion in July from \$13.6 billion in June. The U.S. **agricultural trade** surplus was \$976 million in July, compared with \$872 million in June.

♦**Prices.** The rate of **inflation**, as monitored by the CPI for all urban consumers, rose a seasonally adjusted 0.2% in August and rose 1.6% over the last 12 months. The **PPI** decreased 0.4% in August; this followed an increase of 0.2% in July. For the 12-month period ending in August, the PPI decreased 0.8%. The August **prime rate**, at 8.5%, has been unchanged since April 1997. Compared to a year earlier, **feed** prices in August were down 12%; **feeder livestock and poultry** prices down 14%; **fertilizer** down 5%; **ag chemicals** up 2%; **farm machinery** up 2%; **seeds** up 3%; and **fuels** down 23%.

♦**World Weather and Crop Developments** (September 13-19). Rain slowed field work in **western Ukraine**, while generally dry weather helped crop harvesting and winter grain planting in **eastern Ukraine** and most of **Russia**. Unseasonably warm, dry weather favored rapid spring grain harvesting in **Kazakhstan**, while occasional showers slowed harvest activities in **Western Siberia, Russia**. Wet weather slowed fieldwork in northern and eastern **Europe**. Chronic wetness in eastern **Australia** winter grain areas heightened concern for crop quality and disease. Showers hampered final **Canadian Prairie** harvests. Rain provided additional moisture to immature oilseeds in western **India** but was unfavorable for maturing cotton. Showers slowed rice harvesting in **Vietnam**, the northern **Philippines**, and portions of **Thailand**. In northern and central **Japan**, heavy rain caused additional flooding and possibly damaged maturing rice. In central **Argentina**, light rain brought little relief to stressed vegetative winter wheat, and freezing temperatures burned back early growth. In the **United States** record high temperatures across the northern Great Plains and along the western and eastern fringes of the Corn Belt promoted rapid crop dry down and assisted early harvest efforts. Above-normal temperatures in the central Corn Belt and Southeastern and Southwestern States also aided crop ripening. Tropical Storm Francis delivered much-needed moisture to areas along a band that extended from eastern Texas to the western Great Lakes, but only briefly delayed fall fieldwork. Rain and cooler weather temporarily relieved heat stress along the Gulf Coast.

♦**Other News. U.S. Agricultural Outlook.** Record high average slaughter weights and continued beef herd liquidation of both cows and heifers this spring and summer have pushed this year's **beef production** to near-record levels, resulting in low cattle prices. But 1999 will mark a dramatic change, with sharply curtailed feeder cattle supplies and a large decline in beef production. Lower supplies will lead to stronger prices. As **grazing conditions** deteriorated this summer in the Southern Plains and much of the Southeast, producers reduced cow herds, retained fewer replacement heifers and weaned this year's calf crop at lighter weights. Herds will have to be cut further if sufficient forage is not accumulated by late fall to carry the reduced beef cow inventory through the winter. FY 1999 U.S. **agricultural exports** are projected at \$52 billion, down 5% from FY 1998. Export volume is expected to be up 5% but prices of major commodities are expected to be down due to large world supplies, weak global demand, and a strong U.S. dollar. California remained the leading state for ag exports in 1997 followed by Iowa, Illinois, Nebraska, Texas, Kansas and Minnesota. **Food prices** are forecast to increase only 2% in 1998 and 2-2.5% in 1999. The general **inflation rate** for the all-items CPI is forecast to be only 1.7% in 1998 and 3.2% in 1999. The **Clean Water Action Plan** could affect the way farmers manage their land in many parts of the country. The plan proposes a change in the direction of water quality policy to focus on watersheds that are water-quality- impaired, and a coordinated effort to address both point and nonpoint-sources of pollution.

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